

The future of wealth – the end of the financial adviser?

Mathias Helleu, Executive Chairman of 8 Securities, spoke about what a 100% digital relationship without an adviser could look like, first showing slides of derelict shopping malls and cinemas, brought about following the rise of Amazon and Netflix.

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LOOK AT ALL THE BUSINESS sectors,” he said. “Communications, retail, entertainment, travel to name but a few... and think about what happened in those industries during the last 20 years. And then you look at us in the financial advisory industry. When I arrived in Hong Kong in 1997 I went to open a bank account and I can say not much has changed... and here we are nearly in 2018.”

Helleu explained that when he first came to Hong Kong it was to launch E-Trade. “I was told it would be very, very hard here because people wanted to speak to a stock broker, or they wanted to go in a



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8 Securities

room with other traders and that was the way to go. Today, nobody talks about a stock broker, most of the business here like anywhere, is done online.”

Wealth management firms unprepared

Helleu’s premise is that Asia is experiencing the largest generational transition of wealth in history, but the banks seem unprepared to serve the next generation.

Research, he noted, appears to show that the great majority of millennials will be more excited about the new offering from Google, Amazon, Apple, or PayPal than from their banks. According to one survey, he said, more than 70% of them would prefer to visit the dentist than a bank.

Showing a photo of a group of

millennials at a dining table - all on their phones - he asks: “If they do not talk to each other why would they talk to a bank or an adviser?”

Helleu believes that AI will make the advisor somewhat irrelevant. “First, we believe financial products are already, for most of them, digital. This means that the human touch and the large fees that go with it are being substituted in the attack by software. As you know, Amazon is decimating traditional retail, same product but basically no shop. We hear again and again that people will always value the human touch and advice, but we are also hearing that more and more the opposite is true.”

The march of the machines

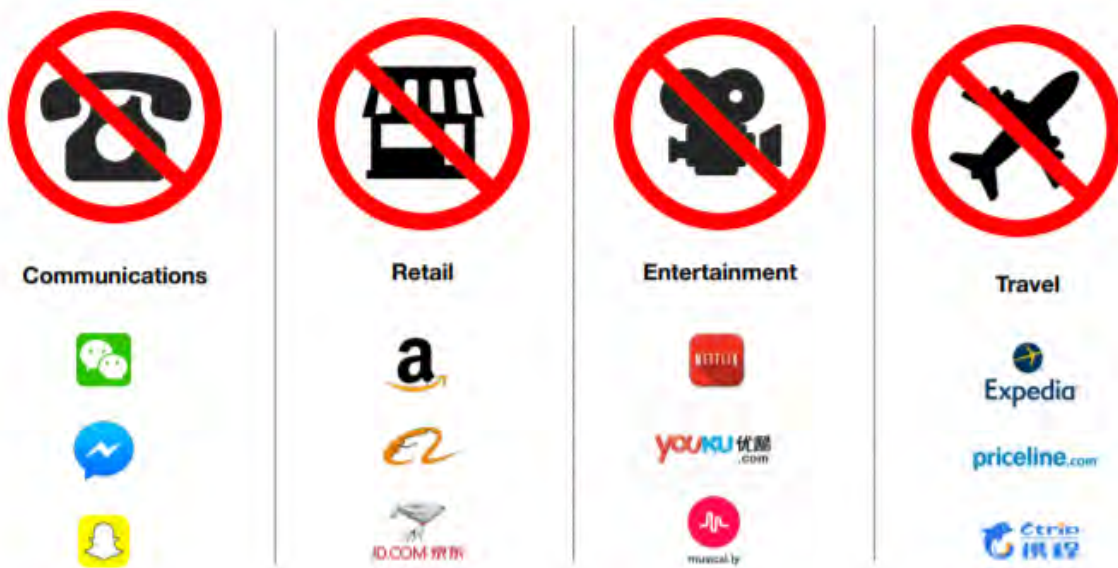
Helleu therefore maintains that there will certainly be more robo-advisers

employed in the foreseeable future than financial advisors, because the they work 24/7, not 9 to 5.

Moreover, AI can provide real-time insight and actionable plan from data that is not humanly possible. AI, Helleu noted, is rational, not emotional. It can be programmed without conflict of interest.

AI treats an individual the same way whether investing a dollar or a million dollars. And requires no salary, no bonus, no vacation, no corporate credit card. The advantages appear too numerous to list.

Helleu’s vision of the future might send shockwaves through the financial advisory community. But the irrepressible evolution of technology, accelerating as it is day by day, should create opportunity for the wealth industry, as well as fundamentally change it. ■



If your broker's so great, how come he still has to work?

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